

# **NEW HAMPSHIRE STATE LIQUOR COMMISSION**

## **MINUTES OF MEETING – JANUARY 17, 2002**

**PRESENT:** Chairman John Byrne and Commissioners Anthony Maiola and Patricia Russell; Craig Bulkley, Bureau Chief of Administrative Services; John Bunnell, Administrator of Marketing & Sales; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Programming Specialist; George Tsiopras, Chief Accountant; Richard Farrenkopf, Assistant Director of Information Technology; Al Picconi, United Beverages, Inc.

**EXCUSED:** Howard Roundy, Director of Information Technology

### **I. FINANCIAL & ADMINISTRATIVE REPORTS**

#### **1. Financial Reports**

##### **A. Weekly, Y-T-D Store Sales Reports:**

The SA1000 report for the week ending January 13, 2002 shows retail sales were down –8.7%, on-premise sales were up about 5.8%, off-premise sales were up a little over 28%, and total aggregate sales were down -.76%. The traffic count was also down by 7,043, as was the average sale by \$.59.

The W-I Total Weekly Sales report for the same week indicates total sales decreased by -.77% or (\$33,739), but increased for the year by 6.59% or \$11,910,765. Wine Sales for the week were up 10.3% or \$197,511, and were also up on a yearly basis by 8.9% or \$7,223,948. Sales of spirits were down –9.4% or (\$239,180), and were up year-to-date by 5.63% or \$5,708,856. Sunday sales figures for January 13<sup>th</sup>, effected by inclement weather, show the customer count was down –48%, sales were down –63%, work hours were up 12.7%, and sales per work hour were down -83.7%. Chairman Byrne asked Peter to look into why work hours were up over last year.

##### **B. Budget Reports:**

The current W-6 Expense Budget Activity Variance Report shows the year to be at 54.52% complete, with total agency expenditures at 54.8%, which Craig commented is pretty much on target.

A review of outstanding depletions and post-offs as of January 16, 2002 shows one broker who is in arrears at this time.

Craig said he had just received a copy of LSR 2372 which transfers tobacco product sales licensing authority to the Commission and increases licensing fees. Chairman Byrne commented that Aidan Moore had already done a fiscal note on this.

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Craig distributed to the Commission a copy of a Records Check Policy for all full-time vacancies and asked for permission to proceed with it. This will come back to next week's meeting, which will allow the Commission time to review it.

George reported that a meeting had been held with the committee working on the credit card RFP, and this will continue to move forward. There should be a draft RFP completed in two to three weeks, which will also include gift cards. (Chairman Byrne asked that gift cards be included as a core item.)

Work is also continuing on finalizing the contract for the financial accounting package, as well as on a couple of miscellaneous contracts.

Craig said he and John Bunnell will meet regarding some minor changes sent back by Brian Law regarding the new Law contract. He would like to get this to the Commission as soon as possible, but wants to make sure the Attorney General's Office is comfortable with the format.

2. IT Reports

The only current major issue at this point is the contract for the computer infrastructure. Approval has been received from Treasury and is awaited from DITM, hopefully by the end of today or tomorrow.

**II. MARKETING & SALES REPORTS**

1. Store Operations

Total store sales were down this past week by \$285,000 to \$263,000, with the top ten stores accounting for 58% of this decrease. However, sales seem to be picking up this week.

Progress is continuing in the move of Store #11 Lebanon to its new location.

Quarterly store inventory is just about finished with only a few minor problems.

Store Operations is working with Information Technology on the gross profit report, and a final version will be presented to the Commission.

There have been a couple of leads in the search for a new Bedford location, and Peter will keep the Commission informed.

2. Warehouse Report

There was nothing of significance to report regarding this week's warehouse report totals.

3. Purchasing Report

A look at the current out-of-stock report shows total stock is down slightly. Chairman Byrne asked Nicole to monitor this closely, as there were some items which he felt shouldn't be out of stock for four weeks. He asked her to speak with the brokers involved and report back to the Commission at next week's meeting.

4. Merchandising Report

A. SPIRITS:

1) Xmas Items:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a 30% mark down on eighteen (18) spirit and wine items which did not sell during the 2001 holiday season, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) March Special Offers (24 items – Executive Wine & Spirits):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions of twenty-four (24) spirit items, to be featured on sale during March 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) March Special Offers (39 items – United Beverages, Inc.):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of thirty-nine (39) spirit items, to be featured on sale during March 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. WINES:

1) New Wine Product Listings (Codes #33706 & #33707):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from Perfecta Wine Company for general distribution of Code #33706, Montepulciana Canaletto Abrz. and Code #33707, Pinot Grigio Canaletto Venezie, 750ML sizes, as each product has earned the required \$6,500 gross profit during a twelve-month period, the majority of which have been in the retail and on-premise markets, to be initially distributed to Cluster 1, 2 and 3 stores, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

2) New Wine Product Listings (Codes #34903, #34904 & #34905):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from Pine State Trading Company for general distribution of Code #34903, Cabernet Sauvignon Smoking Loon Cal., Code #34904, Chardonnay Smoking Loon Cal. and Code #34905, Merlot Smoking Loon Cal., 750ML sizes, as each product has earned the required \$6,500 gross profit during a twelve-month period, the majority of which have been in the retail and on-premise markets, to be initially distributed to Cluster 1, 2 and 3 stores, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

3) New Wine Product Listings (7 codes):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a request from Martignetti Companies of N.H. for general distribution of the following seven (7) 750ML size wine products, as each product has earned the required \$6,500 gross profit during a twelve-month period, the majority of which have been in the retail and on-premise markets, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales: Code #21129, Sauvignon Blanc St. Supery, Code #25802, Cabernet Sauvignon Carmenet Dynamite and Code #31160, Chianti Classic Monsanto Reserve (to be initially distributed to Cluster 1 and 2 stores; Code #27735, Cabernet Sauvignon Bogle Cal., Code #33953, Cotes du Rhone L. Bernard, Code #34507, Cabernet Sauvignon Trinchero Trinity and Code #34508, Chardonnay Trinchero Trinity Oaks (to be initially distributed to Cluster 1, 2 and 3 stores). The motion was unanimously adopted.

4) Primary Source Submissions:

a. 4 items – primary source:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of four (4) wine

codes which are from primary source, as recommended by James Beck, Wine Marketing Specialist. The motion was unanimously adopted.

b. 18 items – imported:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of eighteen (18) wine codes which are not from primary source, but are imported, as recommended by James Beck, Wine Marketing Specialist. The motion was unanimously adopted.

c. 3 items – exclusive agent:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of three (3) wine codes which are not from primary source, but are offered by the exclusive marketing agent, as recommended by James Beck, Wine Marketing Specialist. The motion was unanimously adopted.

C. TABLED ITEMS:

a. Test Market Item Results – Arrow Cherry Brandy (tabled from 1/10/02, Item #4-B):

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that this item be removed from the table, and that Code #4835, Arrow Cherry Brandy, which failed to reach the required gross profit during six months in the test market, be granted a six-month extension of the test market period, as recommended by Richard Gerrish, Spirits Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

**III. ENFORCEMENT & LICENSING REPORTS**

None.

**IV. CHAIRMAN'S REPORT & LATE ITEMS**

1. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all requests for bailment releases/transfers dated January 11 through January 17, 2002. The motion was unanimously adopted.

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2. Coupon Approvals: None.

2. Late Items:

a. Code #2014, Old Whiskey River Bourbon:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a revised special offer from Martignetti Companies of N.H., based upon depletions, with no matching funds, of Code #2014, Old Whiskey River Bourbon, to be featured on sale during March 2002, as recommended by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

b. Dream Kitchen Give Away:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the sole sponsorship offer from Martignetti Companies of N.H., on behalf of Robert Mondavi Winery, of a Dream Kitchen Give Away promotion to take place during March, April and May 2002, as recommended by Nicole Horton, Wine Programming Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

c. Store #11 – Lebanon Hours of Operation:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the following changes to be made to hours of operation at Store #11 Lebanon commencing with the opening at the new location at Centerra Marketplace, as recommended by Peter Engel, Director of Store Operations and concurred by John Bunnell, Administrator of Marketing & Sales: Monday through Thursday and Saturday: 9:30 a.m. – 6:00 p.m.; Friday – 9:30 a.m. – 7:00 p.m. The motion was unanimously adopted.

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John W. Byrne, Chairman

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Anthony C. Maiola, Commissioner

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Patricia T. Russell, Commissioner

